

## Message Text

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FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 2497

UNCLAS GUATEMALA 5275

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SUBJECT: ENGINEERS OVERSEAS HANDBOOK - 1976 EDITION

REEN: A-2642

EMBASSY GREATLY REGRETS BELATED RESPONSE TO REF AIRGRAM AND HAS DECIDED TO TELEGRAPH ANSWERS AS EXPEDKITIONARY MEASURE.

RESPONSES BELOW ARE KEYED TO QUESTIONS POSED IN REF AIRGRAM.

1. ENGINEERS ARE NOT REQUIRED BY LAW TO HAVE A LICENSE, BUT ONLY MEMBERS OF THE COLLEGE OF ENGINEERS HAVE THE LZAL AUTHORITY TO APPROVE WORK PLANS. MEMBERSHIP IS AUTOMATIC UPON RECEIPT OF AN ENGINEERING DEGREE FROM A LOCAL UNIVERSITY. ENGINEERS GRADUATED FROM OTHER INSTITUTIONS, INCLUDING FOREIGN ENGINEERS, MUST PRESENT TRANSCRIPTS AND OCCASIONALLY SUBMIT A THESIS, AND TAKE ORAL AND WRITTEN EXAMINATIONS IN SPANISH BEFORE A BOARD SELECTED BY THE UNIVERSITY SCHOOL OF ENGINEERING.

2. THERE ARE 946 ACTIVE MEMBERS OF THE COLLEGE OF ENGINEERS OF WHICH 729 ARE CIVIL ENGINEERS, 217 ARE ENGINEERS IN OTHER FIELDS AND APPROXIMATELY 24 ARE FOREIGNERS.

COLEGIO DE INGENIEROS DE GUATEMALA

7A. AVENIDA 39-60, ZONA 8

GUATEMALA CITY, GUATEMALA

ING. MANUEL DE J. CASTELLANOS, PRESIDENT

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3. IT IS NOT LEGALLY REQUIRED THAT A FOREIGN CONSULT-

ING ENGINEER EMPLOY A LOCAL REPRESENTATIVE. HOWEVER, IT IS THDNPGSZTICE OFNOST UYAFIRMS OPERATING IN GUATEMALA TO MAINTAIN REPRESENTATIVES, AS A MAJORITY OF OFFICIAL BIDS CARRY A CLAUSE REQUIRING LOCAL REPRESENTATION. A LOCAL REPRESENTATIVE DOES NOT HAVE TO BE A GUATEMALAN CITIZEN, BUT HE MUST BE A RESIDENT. HE MAY BE A CITIZEN OF ANY COUNTRY. A LOCAL REPRESENTATIVE SHOULD BE REGISTERED IN THE CIVIL REGISTER, AS IS REQUIRED OF ALL FIRMS OPERATING IN GUATEMALA.

4. THERE IS NO LEGISLATION REQUIRING LOCAL PARTICIPATION IN A CONTRACT. HOWEVER, THE GUATEMALAN LABOR LAW SPECIFIES THAT 90 PERCENT OF THE PERSONNEL OF ALL COMPANIES OPERATING IN GUATEMALA MUST BE GUATEMALAN, AND THAT 85 PERCENT OF THE PAYROLL MUST BE PAID TO GUATEMALANS. THE MANAGER OR OWNER IS EXCEPTED, AS ARE TECHNICAL PERSONNEL NOT AVAILABLE IN GUATEMALA.

5. IT IS NOT THE GENERAL PRACTICE TO REQUEST CONSORTIUM-TYPE BIDS. CONTRACTS WITH CONSULTING ENGINEERS ARE USUALLY SOLD OR EXCHANGED FOR CERTAIN MATERIALS. FOR SOME PROJECTS PREQUALIFICATION IS REQUIRED.

CONTRACT TERMS SELDOM PROVIDE FOR THE SETTLEMENT OF DISPUTES BY INTERNATIONAL ARBITRATION. THERE IS NO DISCRIMINATION AGAINST US CONSULTING FIRMS; HOWEVER THERE IS A GENERAL PREFERENCE FOR LOCAL CONSULTING ENGINEERS.

6. THERE ARE NO LIMITING REGULATIONS THAT PERTAIN TO US FIRMS.

7. THERE ARE NO CURRENCY EXCHANGE CONTROLS OR RESTRICTIONS ON REPATRIATION OF FEES.

8. US CONSULTANT FIRMS PAY THE SAME TAX RATE AS LOCAL FIRMS ON ALL INCOME DERIVED FROM SERVICES RENDERED IN GUATEMALA. THOSE RATES RANGE FROM 5 PCNT UNCLASSIFIED

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ON TAXABLE INCOME OF \$1000 TO 48 PCNT ON \$500,000 WITH SURCHARGES OF ABOUT 21 PCNT WHERE TAXABLE INCOME EXCEEDS \$10,000.

9. US CONSULTANTS' EXPATRIATE EMPLOYEES ARE SUBJECT TO THE SAME INCOME TAX (WHICH HAS THE SAME RATES AS THOSE APPLIED TO CORPORATIONS DESCRIBED ABOVE) AND THE SAME CUSTOMS DUTIES AS LOCAL CITIZENS.

HOWEVER, EQUIPMENT IMPORTED TO BE USED ONLY ON A GOVERNMENT PROJECT MAY ENTER DUTY-FREE. DUTY OR PERSONAL POSSESSIONS AND MACHINERY IMPORTED FOR USE IN PRIVATE CONTRACTS, MAY BE PAID WITH A BOND WHICH CAN BE RECLAIMED UPON EXPORTATION OF THOSE ITEMS WITHIN A CERTAIN, LIMITED PERIOD.

10. MINISTERIO DE COMUNICACIONES Y OBRAS PUBLICAS - OVERALL RESPONSIBILITY IN THE FIELD OF ROAD, COMMUNICATIONS, AND MISCELLANEOUS PUBLIC WORKS. INSTITUTO NACIONAL DE ELECTRIFICACION (INDE) - DEVELOPMENT OF ELECTRIC RESOURCES AND NETWORKS. DIRECCION GENERAL DE CAMINOS - HIGHWAY CONSTRUCTION AND MAINTENANCE. INSTITUTO DE FOMENTO MUNICIPAL (INFOM) - URBAN DEVELOPMENT, POTABLE WATER, AND SANITATION PROJECTS. BANCO NACIONAL DE LA VIVIENDA (BANVI) - PUBLIC HOUSING. CONSEJO NACIONAL DE PLANIFICACION ECONOMICA - FEASIBILITY STUDIES AND SURVEYS.

11. THE OFFICIAL AND NONCOMMERCIAL LANGUAGE IS SPANISH, ALTHOUGH THE LARGER FIRMS ARE ACCUSTOMED TO CORRESPONDING IN ENGLISH. THE METRIC SYSTEMS HAS BEEN OFFICIALLY ADOPTED, BUT IN PRACTICE, US AND OLD SPANISH WEIGHTS AND MEASURES ARE COMMONLY USED. THE GUATEMALAN QUETZAL (100 CENTAVOS) IS ON A PAR WITH THE US DOLLAR. IT HAS BEEN STABLE SINCE 1924.

12. LOCAL SOURCES CALCULATE LABOR FRINGE BENEFITS AT UNCLASSIFIED

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ABOUT 35 PERCENT OF TAKE HOME PAY. HOWEVER, WORKERS CAN BE CONTRACTED FOR FIXED SHORT PERIODS WITHOUT PAYMENT OF SEVERANCE PAY AND OTHER FRINGE BENEFITS. ANDREWS

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